



Committed to the future of rural communities.

Value Added Producer Grant (VAPG) Program

PURPOSE

- Help eligible producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority-owned producer-based business ventures develop business plans for viable marketing opportunities and develop strategies to create marketing opportunities in emerging markets.

APPLICANT ELIGIBILITY

- Independent Producers
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer Based Business Ventures

USE OF GRANT FUNDS

- **Planning** - A defined program of economic activities to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business plans, and legal evaluations.
- **Working Capital** – Funds which are used to operate the venture and pay the normal expenses associated with the operation of that venture. Funds cannot be used to purchase long-term assets.

➤ **Ineligible Grant Uses**

Grant and matching funds cannot be used for purposes outlined in the NOSA. A partial list of ineligible grant uses includes the following items:

1. Plan, repair, rehabilitate, acquire, or construct a building or facility (including a processing facility);
2. Purchase, rent, or install fixed equipment including mobile and other processing equipment;
3. Purchase, repair or maintain vehicles;
4. Pay for the preparation of the grant application;
5. Pay expenses not directly related to the funded venture;
6. Fund political activities or lobbying activities;
7. Pay costs incurred prior to receiving this grant;
8. Fund any activities prohibited by 7 CFR parts 3015 and 3019; and
9. Fund architectural or engineering design work for a specific physical facility;
10. Fund any expenses related to the production of any commodity or product to which value will be added.

This grant program has a **matching funds requirement**. Applicants must provide matching funds at least equal to the grant. Other Federal grants cannot be used as matching funds. At a minimum, grant recipients must match a dollar for each dollar of grant funds. Grant funds and matching funds must be spent proportionately during the timeframe stated in the grant application.

MAXIMUM AND MINIMUM GRANT AMOUNTS

- No minimum
- \$300,000 maximum for working capital
- \$100,000 maximum for planning grants
- Nation-wide, \$1.5 million is set aside for applicants requesting \$25,000 or less.

APPLICATION PROCESS

- **Deadline Date: March 31, 2006. See the 2006 NOSA as to electronic and paper submission requirements!**
- Applications are selected on a nationwide, competitive basis.
- Notice of Solicitation of Application (NOSA), forms, etc. are available from the VAPG web page: <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

SELECTION FACTORS

Criteria for Planning Grants Applications:

1. Nature of the Proposed Venture
2. Qualifications of Those Doing Work
3. Project Leadership
4. Commitment and support
5. Work Plan/Budget
6. Amount Requested
7. Project Cost Per Producer
8. Business size
9. Number of grants
10. Presidential initiative on bio-energy
11. Administrator points

Criteria for Working Capital Applications:

1. Business Viability
2. Customer Base/Increased Returns
3. Commitment and support
4. Management Team/Work Force
5. Work Plan/Budget
6. Amount Requested
7. Project Cost Per Producer
8. Business size
9. Number of grants
10. Presidential initiative on bio-energy
11. Administrator points

GRANT RESOURCES

- USDA Rural Business and Cooperative <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>
- Agriculture Marketing Resource Center <http://www.agmrc.org>
- Iowa Agriculture Innovation Center <http://www.iowaaginnovationcenter.com>

FOR MORE INFORMATION

Contact the USDA - Rural Development State Office in Des Moines at 515-284-4714 or one of our USDA - Rural Development Area Offices shown below. TDD for hearing impaired (515) 284-4858.

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|------------------|--------------|--------------|--------------|
| ▪ Iowa Falls | 641-648-5181 | ▪ Indianola | 515-961-5365 |
| ▪ Waverly | 319-352-1715 | ▪ Atlantic | 712-243-2107 |
| ▪ Tipton | 563-886-6006 | ▪ Le Mars | 712-546-5149 |
| ▪ Mount Pleasant | 319-986-5800 | ▪ Storm Lake | 712-732-1851 |
| ▪ Albia | 641-932-3031 | ▪ Humboldt | 515-332-4411 |

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